

[12 December, 2006]

RAJYA SABHA

(b) if so, the amount released out of the said amount and by when the rest of the amount would be released?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Yes, Sir.

(b) A sum of Rs. 454.91 crore was released to Government of Madhya Pradesh upto 31.3.2005, which was the end of the award period of the Eleventh Finance Commission. The releases of the grants-in-aid were made subject to the fulfillment of conditionalities attached to the release of grants and taking into account the pace of utilization of grants up to a prescribed period. The release of the balance amount of the grants-in-aid is under consideration.

Plan for small Urban Co-operative Banks

2188. SHRI S. M. LALJAN BASHA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the RBI has been able to develop a sustainable and realistic plan for the proper encouragement of Urban Co-operative Banks;

(b) whether it is also a fact that the RBI does not pay attention or have time to ensure that small Urban Co-operative Banks become strong and also serve the middle classes;

(c) what steps will be taken by Government to divest the RBI of responsibility in supervising and administering and regulating Urban Cooperative Banks; and

(d) the steps proposed to create an environment to have a good network of small Urban Co-operative Banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (d) Reserve Bank of India's Annual Policy Statement, for the year 2004-05, refers to the issuance of fresh licence to UCB Sector. It stipulates that in order to make this Sector strong, healthy and stable, fresh licences will be issued only after comprehensive policy on UCBs, including an appropriate legal and regulatory framework for the sector, is put in place. In accordance with the announcement, any fresh

proposal for organization of new UCBs or for conversion of cooperative credit societies into UCBs is to be considered only after the situation is reviewed and a fresh announcement is made by Reserve Bank of India in this regard. As a first step, in view of the regulatory co-ordination brought about through signing of MoU's with State Governments and based on the positive experience of the Task Force for Urban Cooperative Banks (TAFUCBs), it was stated in the Mid-term Review, to allow financially sound UCBs registered in States that have signed MoU with the Reserve Bank of India and those registered under the Multi-State Co-operative Societies Act, 2002 to convert existing extension counters into full fledged branches subject to certain conditions. Guidelines in this regard have been issued to UCBs on November 13, 2006.

For new branches/licences, RBI has informed that only upon completion of review of each state in regard to the progress of restructuring of UCBs, it would permit new branches/licences.

Boom in share market

†2189. SHRIMATI MAYA SINGH: Will the Minister of FINANCE be pleased to state:

- (a) the main reasons for record boom in the shares in Stock Exchange during the last one year;
- (b) the effect of the same on the economy of the country, price wise and on inflation; and
- (c) the action being taken by Government to check boom in shares?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL). (a) The movement of market indices or price of a specific share is a function of perceptions of the investors— domestic and overseas, retail and institutional—about the economy, the sector and the company. This perception is influenced by many factors including macro-economic environment, growth potential of the economy, corporate performance, domestic and international events, and market sentiments. There is, however, no scientific means to attribute movement to a particular factor or set of factors.

†Original notice of the question was received in Hindi.